



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

*On the SYSTEM of TAXATION prevailing in the UNITED STATES, and especially in MASSACHUSETTS. By EDWARD JARVIS, M.D., (Boston, U.S.), President of the American Statistical Association.*

[Read before Section (F), of the British Association for the Advancement of Science, at Oxford, 3rd July, 1860].

THE constitution of the United States provides for the taxation of the people whenever Congress may think the public necessity requires it, yet there are no taxes laid and raised by the general government, nor have there been any for more than forty years. The last direct tax raised for national purposes, was assessed for the payment of the expenses of the War of 1812 to 1815. All the current expenses of the Union and government, and all the debts for the Mexican Wars, the purchase of territory, &c., and all the interest on the public debt, indeed all the national expenses and obligations are met, and are to be met, by the receipts from Customs, from duties on goods imported from abroad, and by the sales of public land. These are sufficient for all the purposes of the nation. Such a thing as a national tax-gatherer is not known, and has not been known within the last generation, in the United States.

#### *State Taxes.*

All the other public interests are maintained, and public expenses paid, by the several State governments, or, under the State laws, by some of their divisions, as counties, towns, &c. Each of the thirty-three States is independent, in this respect, of the others, and of the general government. Each has sovereign power to regulate its own internal affairs, it raises and expends its own money, or directs it to be raised and expended, in its own way.

In each State the taxes are assessed and the money paid for general and local purposes. And although all are raised and appropriated under the State laws, yet in most, if not in all the States, the former only—the general expenditures—are provided for and managed by the legislatures, while the latter—the local expenses—are left to

*Note.*—Dr. Jarvis, the writer of this Paper, was one of the American Delegates to the recent International Statistical Congress. I have to express to him the best thanks of the Society for the readiness with which he complied with a request addressed to him to prepare for the Oxford Meeting of the British Association the present Paper on the system of Taxation prevailing in New England. The Paper will, I think, be admitted on all hands, to present in a small compass a comprehensive and most intelligent outline of the large field to which it refers. Dr. Jarvis carries forth with him to his own country the regard and esteem of a numerous circle in this old country of his ancestors.—ED. S. J.

the control and management of the local authorities, the counties, towns, &c.

In Massachusetts, the State expenditures are principally for the payment of the legislative, judiciary, and other public officers, for military bounties, agricultural societies, support of foreign paupers—the last one the greatest item—charities, lunatic hospitals, idiot schools, blind institutions, deaf and dumb, grants to colleges, scientific surveys, &c.

All these State expenses, which a few years ago amounted to only about five or six hundred thousand dollars (100,000*l.* or 120,000*l.*) a year, were met by the bank tax, or an annual assessment of *one per cent. of the capital* of every Bank, and the tax upon sales at auctions. But within six or eight years the State expenses have been greatly increased by the enlarged grants to agricultural societies, the building of lunatic hospitals, and the very great addition of State paupers, and the necessity of building three great alms-houses, and of supporting, in them, about 2,000 or 2,500 foreign paupers, mostly Irish and their children. Beside these there were, at the last enumeration, 581 foreign lunatics, of whom 487 were born in Ireland, 16 in Great Britain, and 46 in the British provinces, all supported by the State treasury, and mostly in the State hospitals. In consequence of the great increase of the public burden, a State tax has become necessary in several of the years since 1850.

Nevertheless, this tax when assessed upon the estates of all the people falls very lightly upon each individual, and is a very small ratio of each one's income or property.

The Legislature, at its annual session, determines how much money shall be expended for each purpose, and if, on comparing the sum of all the appropriations, with the known income from banks and the probable income from other sources, it is found that there will be a deficiency, the sum wanted is assessed upon the several cities and towns in proportion to their means of payment. Notice is then given to each local municipality of the amount required of it, and the local authorities raise this State tax in connection with the taxes raised for domestic purposes, and deliver the money thus required and raised, to the State treasurer.

#### *County, Town, and City Taxes.*

The *Counties* of Massachusetts have the care of the prisons, and pay for their support, as well as for the administration of justice, the cost of trials, juries, witnesses, sheriffs, &c. They also have jurisdiction of roads, and pay the cost, in part or the whole, of making new, and widening or altering the old, highways, but not of keeping them in repair. The county affairs to this extent are managed by the County Commissioners, chosen every three years by the people.

They direct the expenditure of money for county purposes, and determine how much is needed in each year by leave of the legislature. They assess this upon the several towns and cities in ratio of their valuation or the sum of the estates in each.

The law specifies the purposes for which the cities and towns may raise money, but within the limits of the law they may raise and expend it in their own way.

All the territory of Massachusetts and of the other northern States, is divided into *Towns*, each is endowed with power to manage its own domestic affairs under the regulations of the law. These towns vary in size, from 10 to 60 square miles, but the average size in Massachusetts is about 25 *square miles*. The towns are all country or rural districts, with a scattered and mostly agricultural population, varying from about 300 in the smallest, and in the mountain districts to 12,000 in the largest, which have one or more villages.

The constitution of Massachusetts permits the legislature to convert any town into a *City*, whenever its population shall amount to 12,000, and to grant to it a charter, authorizing the people to elect annually a city government, consisting of a Mayor, a Board of Aldermen, and a Common Council. This city government has power to manage the public municipal affairs, assess and raise taxes, appropriate money, &c., instead of the people at large. But so great is the jealousy in that country of delegated authority and the unwillingness to permit the power to assess taxes and expend public money, to pass out of their own hands, that the people are unwilling to accept any city charter, and give up the power to manage their own affairs, provincial and others, in their public assemblages, until their numbers of voters become so large as to render it impossible for all to meet in the town hall, and to transact the town business and manage the public affairs in their town meetings.

But the Towns elect superintending officers, called "*select men*," who under the votes and direction of the people in town meeting assembled manage all the details of municipal affairs.

#### *Town Meetings and Appropriation of Taxes.*

By requisitions of the law, town meetings, or assemblages of all the voters of the town, are called once or more in each year, by public notice from the select men. Several copies of this notice are posted up in various public places of the town, or printed copies are sent to every voter; always the first and frequently both means are used to notify the people of the time, place, and purposes of the meeting. The law requires that these notices be issued ten or fourteen days before the meeting, and that they specify every item of business that is to be brought before the Town for its consideration and action. Every voter therefore, has, or may have, legal information of

every matter that is to be or can be done by the people in this public meeting, and no business can be legally transacted, and no votes are legally effective or binding, except on such subjects as are thus presented to the town and the voters in the address.

At the town meetings, usually in March or April, the Select Men who have had the oversight and direction of the town affairs in the previous year, make a report of the financial history of the municipality during their last period of administration, stating how the public money was expended, and what is then needed for each purpose in the coming year. The School Committee made a similar report of their recent administration, showing the manner and results of the expenditure in the past year, and the wants of the next. In most towns these reports are printed in advance, and a copy sent to the house, lodgings, or place of business of each voter in the town. The Town is then prepared to vote on every item of expenditure which can be proposed, and when assembled they take up each subject and proposed amount of appropriation, and deliberate upon it as any legislative body. Every voter in the town, however poor, may give his views upon the matter in question. He may propose for any sum, however large, for any legal purposes; and any other voter, however rich, may oppose and vote against any sum however small. They all, rich and poor, stand alike in this respect, each can give *one vote* and no more. The poor can do as much as any other by his vote, to increase the public tax, which hardly reaches him, and the richest can do no more, however great may be the part he is called upon to pay. With this freedom of discussion, the Town votes to raise such sums of money for each separate purpose, for schools, roads, fire department, paupers, miscellaneous expenses, &c. The sum of all these monies thus appropriated by the rate of the town, is the *Town Tax*.

In the Cities the same is done by the *city councils*, they vote the amount of money to be raised and expended for each purpose, in the same manner as the people at large in the town or county districts.

#### *Assessors of Taxes.*

There is another set of officers elected by both towns and cities, called the Assessors. These are chosen annually. The sum of all the appropriations by the people of the towns and the councils of the cities, and also the amounts required by the State and County, are all added together in one gross sum, and this is given to the Board of Assessors to be apportioned among the people, according to their means of payment.

The first business of the assessors is to ascertain the amount which each person in the city or town may possess, and the sum of all the estates in the municipality. For this purpose every one is

required by the law to make a report to the assessors of the kind and value of all his property, houses, lands, ships, merchandize, money on hand, or at interest, stocks in railways, bonds, insurance companies, manufacturing companies, public funds, &c.

In some cases the assessors or an authorized agent call upon each tax payer for this information. In others, printed notices containing the requisition of the law and stating the facts desired to be known, are sent to each one's house, and again, public notices for the same purpose are posted in public places.

The *State tax*, ordered by the legislature to be paid by each town; the *county tax*, assessed on the town by the county commissioners; and the *town tax*, voted to be raised by the town for domestic expenses, all together constitute the total Town Tax. These are put into the hands of the assessors, and are to be paid by the people. A small portion of this money is assessed as Poll Tax equally upon all male adults. This varies in different cities and towns from a dollar to a dollar and a-half, or from four to six English shillings for each person. In a few towns it is less, and in some towns more. This is the lowest tax, and is paid by every one, whether he has any estate or not, provided he can pay anything.

The rest of the tax is to be assessed upon estates in exact proportion to their valuation, and each property-holder pays in ratio of the amount he may possess.

In order to ascertain the amount of each person's estate, he or she is required by the law to make a statement thereof to the assessors. This includes property of *every kind*,—lands, houses, stores, warehouses, shops, barns, stables, and other buildings of every sort, goods, merchandize, stock-in-trade, raw materials, manufactured articles, machinery, agricultural produce, cattle, horses, carriages, money at interest more than money hired, stock in banks, railroads, insurance and other joint stock companies or corporations, ships, household furniture of over a thousand dollars value, all the property real and personal, visible and invisible, is required by the law to be made known to the assessors by the proprietors.

All the real estate, lands, buildings, &c., are matters of public record, and the ownership known to the public officer. And if the owners of these do not affix a proper valuation, the assessors re-value it, and more commonly the owners only return a description of this class of property, and leave to the assessors the work of valuation, which they do according to their best judgment, subject to correction, as will be hereinafter stated, if this valuation be too high.

The farmer makes a statement of the number of acres or quantity, and the kinds of his lands, of his houses, barns, or stables, cattle, horses, sheep, swine, utensils, grain, hay, &c., and the value of each.

A trader or merchant gives an account of his house, store, or warehouse, if he is the owner of either of these, his stock of merchandise on hand, and money at interest, &c.

A blacksmith reports his house, shop, or smithy, and stock of iron, manufactured or unmanufactured, on hand, &c.

The same is done by men in all other occupations, and of course each ought to add to these items of property all others that he may possess. Usually, however, the tools of the mechanic and the small stock of materials he may have in his shop, are not expected to be reported or taxed.

The tax on real estate, lands, or buildings, is assessed upon the *proprietor*, and not upon the occupant,\* unless by contract between these, the tenant agrees to pay it, and notice thereof is given to the assessors. In this case the tax is assessed upon him; but this does not release the proprietor from the responsibility of payment if the tenant should fail to do so.

All real estate, and all substantial personal estate, as goods, wares, merchandize, are taxable, wherever they may be; but money at interest, stocks in banks, railroads, &c., are taxable, wherever the *owner* has his domicile or home. Thus, a merchant doing business in Boston but living in Dorchester pays taxes on his warehouse, his stock-in-trade, &c., in Boston, and the taxes on his dwelling, garden, &c., his bank-stock, his money at interest, his ships at sea, are paid in Dorchester.

Notwithstanding that the law requires every owner of property to make a full report thereof to the assessors, yet very many omit to do this. In this case, the assessors are required to make their own estimate or valuation of the estate, and to assess the tax accordingly. This is called "*dooming*." This official valuation is made from all the means of information the assessors can obtain; and often where the estate is invisible, from conjecture. Of course there is danger of over-valuation and excessive assessment of tax. Yet the tax-payer has his ready remedy if he thinks he is charged too much. He has the privilege, within a certain period, of presenting, under oath, an exact inventory of all his estate, and the board of assessors, unless they have reason to suspect fraud, are obliged to correct their assessment accordingly.

Nevertheless a *large proportion* of the people submit to be "doomed," and are content with leaving the valuation of their estates

\* It may be proper here to say, that in the United States almost all the cultivated lands or farms are occupied and cultivated by the *proprietor*. Very few are let or leased to tenants, and generally if a person or family own a farm which they do not wish to cultivate, they sell it at their earliest opportunity, and usually to some one who desires to occupy it. In the villages and cities there are many dwellings, stores, warehouses, shops, &c., which are occupied by tenants, yet these by no means constitute the majority of such species of property.

to these public officers. And on the contrary, there are, in every year, in some towns certainly and in most towns probably, a few who feel themselves aggrieved, and complain of excessive valuation and undue taxation, and claim a redress by abatement, which they can obtain if they have just cause for such reduction of public demand.

Thus the loss, which the public treasury might suffer from the neglect of the property-holders to make a statement of their estates, is nearly prevented by the power which the assessors have to make a valuation and assessment according to their own judgment, and even so high as to induce the tax-payer to make the exact and full report of his affairs. And on the other hand, the people can always protect themselves from excessive taxation, by making this exhibition of their financial condition even after the tax is imposed.

Yet there is a *very prevalent opinion* that some of the more wealthy citizens, much of whose property is invisible,—in money at interest, &c.,—do not bear their due proportion of the public burdens. But real estate,—lands, buildings, &c.,—cannot escape the observation of public officers, and these are fully taxed.

Moreover, in Massachusetts, the clerks, or secretaries, or cashiers, of all banks, railroad, manufacturing, insurance, and all other joint stock companies and corporations, which are established or authorized by the State, are required by the law to make record of the name and residence of each stock or shareholder; and the recording officers of these companies and corporations are also required by the law to send to the authorities of every city and town of the State the name of every stock or shareholder who may belong to that city or town, and the amount held by each. By this means all the property in corporations held by citizens of the State is made known to the assessors, and none of it escapes taxation.

From these sources, the reports of such as make due returns, the reports of the clerks of works and other corporations, the public record, and the visible nature of all real estate, and finally the power of the assessors to “doom” the silent property-holders, an approximation is made to the true value of the estates of all the people, and the sum of these is the total valuation of the city or town.

Taking, then, the whole sum of money required to be raised for State, County, and Town purposes, and deducting from this the amount to be assessed on the Polls or persons, the remainder is to be assessed upon the estates. The proportion which this shall bear to the whole, on the rate of taxation, is a simple matter of arithmetic, and is very easily determined. Having arrived at this rate, it is an equally easy matter to determine the amount which each one shall pay. Thus, if the whole valuation of the Town, as that of Dorchester in 1859, be 11,000,000 dollars, and the whole tax be 75,000 dollars,



of which 2,000 dollars are to be assessed upon the Polls, and 73,000 dollars on the estates, then the rate is 6 dollars and 60 cents. on 1,000 dollars property, *or about two-thirds of one per cent.*,\* and every one is required to pay this proportion of his estate as valued, however large, and no more than this, however small, his property may be. The taxes in Dorchester are somewhat *lower* than the average of the towns in Massachusetts.

The law allows the assessors to assess a part of the tax upon *Income*: that is, if a man has a salary of one, two, three, or five thousand dollars, or if he earns so much by his profession, independent of his property, this may be assumed as representing a capital that would yield so much, and he may be taxed accordingly. Yet this is not usually included in the valuation and assessment, and all Cities and Towns within my knowledge, assess all their taxes, except the poll or personal tax, on the estates.

The law allows the towns to receive the taxes for the maintenance of highways in labour, and the people may repair the roads themselves, and pay no money for this purpose, provided the town votes to do so. In this case, the town fixes the rate or value of labour, which is usually for this purpose about 10 cents, or 5 English pence *an hour*, for a man, and the same for a team of a pair of oxen and a cart. Thus, a man whose highway tax is 12 dollars, works or sends men to work twelve days of ten hours, or perhaps three men and a team three days each, always under the direction of the highway surveyor, and at such times and places as may be determined and appointed by this public officer.

This method of repairing the roads is generally preferred in the agricultural towns or rural districts; yet it is not deemed to be the most economical for the larger and commercial and manufacturing towns and the cities. These prefer to raise the money for the highways in money with that for all other purposes, and then hire such labour as may be needed for the roads and streets, and pay the men the usual wages in money.

#### *Purposes of Taxation.*

More than one-third of the taxes, in Dorchester and other towns, is for the purposes of Education for the whole people, another important item is for the repairs of old, and the opening of new, Roads. A much smaller sum is raised for the support of the native poor. The foreign paupers are supported by the State. At the town meeting of Dorchester, holden on Monday, the 28th day of April, 1860,

\* Assuming the 1,000 dollars to yield 6 per cent. per annum, the tax of 6.60 dollars on the *capital* of 1,000 dollars, would be equal to say 1 *per cent. per annum* on the *income*—a rate very different from the rates of direct assessment on *income* in England.—ED. S. J.

it was voted to raise by taxation 69,225 dollars, to be appropriated as follows :—

For the support of schools .....	\$24,025
„ payment of debts for building school-houses .....	9,000
„ repair of highways .....	8,000
„ new roads and widening old ones .....	7,500
„ support of the poor .....	4,000
„ support of lunatics in hospitals .....	300
„ fire department.....	2,000
„ police and watch .....	2,400
„ lighting streets .....	600
„ cemeteries.....	400
„ town offices .....	3,000
Miscellaneous and incidental .....	9,000
	<hr/>
	\$69,225

These financial statistics of Dorchester may be generally taken as a specimen of the financial management of the towns in the State, and perhaps of other northern States. Of course, the towns vary in connection with the difference of wants and means. The smaller towns in the interior have fewer roads, and those are less used, and therefore need less expenditure for repairs. They also have no fire department or none that is a source of expense to the public treasury; on the other hand these and other expenses are increased in the cities.

In all the towns and cities, especially in New England, the Educational expenditure is the predominant item in taxation, and makes a paramount importance in the minds of the people, and probably this is paid the most freely and cheerfully. I have never known the town of Dorchester to refuse to raise the full amount asked by the School Committee, and hardly an objection offered either by the most wealthy, who have large sums to pay, and perhaps no children to be educated, or by the less favoured classes to whom any tax on their little property is a burden.

Although these taxes are determined by the whole town in public meeting, where every voter has equal power, and where the poor, who having no property and pays only a fixed and small poll tax and whose burdens cannot be increased by any amount of appropriation, can yet vote for any amount of taxation that must be entirely paid by the estates of others, yet I have never known of any instance in which the mass of the people took advantage of their power, or where the poorer voters urged or attempted to raise extravagant sums for education or other purpose from which they or their families might derive advantage, but have none of the burden.

---